

**STATE RISK MANAGEMENT FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2008**

	August-08				July-08				Current FYTD	Prior Year FY08	3 Years Ended 6/30/2008	5 Years Ended 6/30/2008
	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Month Net ROR	Net	Net	Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>												
<i>Structured Growth</i>												
Los Angeles Capital	123,586	3.4%	3.4%	-0.56%	117,348	3.3%	3.4%	-1.18%	-1.73%	-7.79%	7.68%	N/A
<b>Total Structured Growth</b>	<b>123,586</b>	<b>3.4%</b>	<b>3.4%</b>	<b>-0.56%</b>	<b>117,348</b>	<b>3.3%</b>	<b>3.4%</b>	<b>-1.18%</b>	<b>-1.73%</b>	<b>-7.79%</b>	<b>7.68%</b>	<b>9.56%</b>
<i>Russell 1000 Growth</i>				1.08%				-1.90%	-0.84%	-5.96%	5.91%	7.32%
<i>Structured Value</i>												
<b>LSV</b>	<b>112,309</b>	<b>3.1%</b>	<b>3.4%</b>	<b>1.61%</b>	<b>104,337</b>	<b>2.9%</b>	<b>3.4%</b>	<b>-0.58%</b>	<b>1.02%</b>	<b>-21.43%</b>	<b>3.81%</b>	<b>11.57%</b>
<i>Russell 1000 Value</i>				1.70%				-0.36%	1.33%	-18.78%	3.53%	8.92%
<i>Russell 1000 Enhanced Index</i>												
<b>LA Capital</b>	<b>242,176</b>	<b>6.8%</b>	<b>6.8%</b>	<b>0.76%</b>	<b>226,940</b>	<b>6.4%</b>	<b>6.8%</b>	<b>-2.05%</b>	<b>-1.30%</b>	<b>-9.54%</b>	<b>6.97%</b>	<b>N/A</b>
<i>Russell 1000</i>				1.38%				-1.16%	0.20%	-12.36%	4.81%	
<i>S&amp;P 500 Enhanced Index</i>												
<b>Westridge</b>	<b>250,727</b>	<b>7.0%</b>	<b>6.8%</b>	<b>1.58%</b>	<b>233,085</b>	<b>6.5%</b>	<b>6.8%</b>	<b>-0.73%</b>	<b>0.85%</b>	<b>-12.18%</b>	<b>4.98%</b>	<b>N/A</b>
<i>S&amp;P 500</i>				1.45%				-0.84%	0.59%	-13.12%	4.41%	
<i>Index</i>												
State Street	80,534			0.31%	75,801			-1.16%	-0.85%	-18.24%	2.93%	6.64%
<b>Total 130/30</b>	<b>80,534</b>	<b>2.2%</b>	<b>2.3%</b>	<b>0.31%</b>	<b>75,801</b>	<b>2.1%</b>	<b>2.3%</b>	<b>-1.16%</b>	<b>-0.85%</b>	<b>-18.24%</b>	<b>2.93%</b>	<b>6.64%</b>
<i>S&amp;P 500</i>				1.45%				-0.84%	0.59%	-13.12%	4.41%	7.59%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>809,331</b>	<b>22.6%</b>	<b>22.5%</b>	<b>0.88%</b>	<b>757,512</b>	<b>21.2%</b>	<b>22.5%</b>	<b>-1.22%</b>	<b>-0.35%</b>	<b>-12.71%</b>	<b>5.68%</b>	<b>9.31%</b>
<i>S&amp;P 500</i>				1.45%				-0.84%	0.59%	-13.12%	4.41%	7.59%
<b>SMALL CAP DOMESTIC EQUITY</b>												
<i>Manager-of-Managers</i>												
<b>SEI</b>	<b>133,148</b>	<b>3.7%</b>	<b>3.8%</b>	<b>2.40%</b>	<b>124,855</b>	<b>3.5%</b>	<b>3.8%</b>	<b>0.99%</b>	<b>3.41%</b>	<b>-20.93%</b>	<b>2.06%</b>	<b>9.10%</b>
<i>Russell 2000 + 200bp</i>				3.78%				3.87%	7.79%	-14.48%	5.88%	12.50%
<i>Enhanced</i>												
<b>Research Affiliates</b>	<b>141,356</b>	<b>3.9%</b>	<b>3.8%</b>	<b>3.55%</b>	<b>131,016</b>	<b>3.7%</b>	<b>3.8%</b>	<b>2.98%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Russell 2000</i>				3.61%				3.70%	7.45%	-16.19%		
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>274,504</b>	<b>7.7%</b>	<b>7.5%</b>	<b>2.99%</b>	<b>255,871</b>	<b>7.2%</b>	<b>7.5%</b>	<b>1.97%</b>	<b>5.02%</b>	<b>-21.14%</b>	<b>1.97%</b>	<b>9.04%</b>
<i>Russell 2000</i>				3.61%				3.70%	7.45%	-16.19%	3.79%	10.29%
<b>DOMESTIC FIXED INCOME</b>												
<i>Core Bond</i>												
<b>Western Asset</b>	<b>700,316</b>	<b>19.5%</b>	<b>20.2%</b>	<b>1.03%</b>	<b>707,801</b>	<b>19.8%</b>	<b>20.2%</b>	<b>-1.78%</b>	<b>-0.76%</b>	<b>2.06%</b>	<b>2.76%</b>	<b>3.55%</b>
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%	7.12%	4.09%	3.86%
<i>Mortgage Backed</i>												
<b>Hyperion</b>	<b>134,719</b>	<b>3.8%</b>	<b>5.2%</b>	<b>-10.70%</b>	<b>155,174</b>	<b>4.4%</b>	<b>5.2%</b>	<b>-8.02%</b>	<b>-17.87%</b>	<b>-20.24%</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman Global Aggregate (US Securitized Portion)</i>				-0.46%				-0.06%	-0.52%	10.14%		
<i>Core Plus/Enhanced</i>												
Clifton Group	206,733	5.8%	5.2%	1.11%	208,288	5.8%	5.2%	0.45%	1.56%	10.17%	N/A	N/A
Prudential	204,989	5.7%	5.2%	0.71%	207,645	5.8%	5.2%	-0.24%	0.46%	4.89%	N/A	N/A
<b>Total Core Plus/Enhanced</b>	<b>411,722</b>	<b>11.5%</b>	<b>10.4%</b>	<b>0.91%</b>	<b>415,933</b>	<b>11.7%</b>	<b>10.4%</b>	<b>0.10%</b>	<b>1.01%</b>	<b>7.55%</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman Aggregate</i>				0.95%				-0.08%	0.87%	7.12%		
<i>Index</i>												
<b>Bank of ND</b>	<b>360,078</b>	<b>10.0%</b>	<b>9.1%</b>	<b>1.06%</b>	<b>363,748</b>	<b>10.2%</b>	<b>9.1%</b>	<b>0.07%</b>	<b>1.14%</b>	<b>7.68%</b>	<b>3.93%</b>	<b>3.28%</b>
<i>Lehman Gov/Credit (1)</i>				0.92%				0.00%	0.92%	7.24%	3.84%	3.24%
<i>BBB Average Quality</i>												
<b>Wells Capital (formerly Strong)</b>	<b>715,819</b>	<b>20.0%</b>	<b>20.2%</b>	<b>0.83%</b>	<b>725,290</b>	<b>20.3%</b>	<b>20.2%</b>	<b>-0.59%</b>	<b>0.24%</b>	<b>3.55%</b>	<b>3.04%</b>	<b>3.85%</b>
<i>Lehman US Credit BAA</i>				0.80%				-0.67%	0.13%	2.62%	2.52%	3.59%
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>2,322,655</b>	<b>64.8%</b>	<b>65.0%</b>	<b>0.19%</b>	<b>2,367,946</b>	<b>66.4%</b>	<b>65.0%</b>	<b>-1.24%</b>	<b>-1.06%</b>	<b>2.32%</b>	<b>3.89%</b>	<b>5.04%</b>
<i>Lehman Aggregate (2)</i>				0.95%				-0.08%	0.87%	7.12%	4.09%	3.73%
<b>CASH EQUIVALENTS</b>												
<b>Bank of ND</b>	<b>179,635</b>	<b>5.0%</b>	<b>5.0%</b>	<b>0.17%</b>	<b>185,840</b>	<b>5.2%</b>	<b>5.0%</b>	<b>0.16%</b>	<b>0.33%</b>	<b>3.43%</b>	<b>4.10%</b>	<b>3.38%</b>
<i>90 Day T-Bill</i>				0.16%				0.18%	0.33%	3.63%	4.27%	3.18%
<b>TOTAL RISK MANAGEMENT FUND</b>	<b>3,586,126</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.53%</b>	<b>3,567,168</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-0.94%</b>	<b>-0.41%</b>	<b>-2.70%</b>	<b>3.47%</b>	<b>4.88%</b>
<b>POLICY TARGET BENCHMARK</b>				1.22%				0.04%	1.27%	0.45%	4.31%	5.12%

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.